

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
OFFICE OF PURCHASING
P.O. BOX 30026, LANSING, MICHIGAN 48909

OCTOBER 12, 1990

NOTICE
OF
CONTRACT AGREEMENT NO. 7620

between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR CITY OF MANISTEE (#45639) MAYOR'S OFFICE CITY HALL MANISTEE, MI 49660		TELEPHONE (616) 723-2558 724-2558
		FEDERAL I.D. NUMBER
		BUYER R. E. IRVINE, #8
COMMODITY #4462	BID LIST #9963	
WATER SUPPLY & WASTEWATER TREATMENT		
CONTRACT PERIOD From: SEPTEMBER 4, 1990 To: SEPTEMBER 4, 2010		
TERMS NET 30 DAYS	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	

THE TERMS AND CONDITIONS OF THIS CONTRACT ARE THOSE OF THE ATTACHED FIVE (5) PAGE CONTRACT AGREEMENT CONSISTING OF TWENTY-FOUR (24) NUMBERED PARAGRAPHS AND SIGNED & DATED SEPTEMBER 4, 1990. IN THE EVENT OF ANY CONFLICT BETWEEN THE SPECIFICATIONS, TERMS AND THE CONDITIONS INDICATED BY THE STATE AND THOSE INDICATED BY THE CONTRACTOR, THOSE OF THE STATE TAKE PRECEDENCE.

ESTIMATED COST OF THIS CONTRACT: 1ST YEAR: \$ 120,000.00
TOTAL CONTRACT PERIOD ESTIMATED CONTRACT COST: \$2,400,000.00

AGREEMENT FOR
COLLECTION AND TREATMENT OF WASTEWATER AND DELIVERY OF WATER SUPPLY
TO THE OAKS CLOSE CUSTODY PRISON

This Agreement made the 4th day of September, 1990, under authority of 1984 PA No. 431: MCLA 18.1101; MSA 3.516 (101) by and between the CITY OF MANISTEE, a municipal corporation, hereinafter referred to as the CITY, and the STATE OF MICHIGAN, hereinafter referred to as the STATE.

WITNESSETH:

WHEREAS, the CITY is the owner and operator of a wastewater collection and treatment system and water distribution system in the County of Manistee, State of Michigan, and is engaged in the collection and treatment of wastewater and distribution of water to consumers in the State of Michigan.

WHEREAS, the STATE desires to purchase wastewater collection and treatment and water from the CITY for a close custody prison in Manistee County, Michigan, and,

WHEREAS, the STATE has under authority of 1987 PA 134 appropriated monies which may be used to cover the STATE'S cost as set forth in Article 5 for the design, permits, inspection fees and construction of the proposed wastewater collection and water supply extensions of the CITY'S existing systems, said improvements being shown on a map hereto attached as Exhibit "A".

NOW, THEREFORE, in consideration of the mutual covenants herein contained the parties hereto agree as follows:

1. The CITY shall within thirty (30) days of the execution of this agreement engage the services of a consulting engineering firm for the design and administration of construction of the wastewater and water system extensions, which shall be owned and maintained by the CITY. No later than ten (10) days after receipt of all bids the CITY shall notify the STATE of the cost of proposed construction.

2. The CITY shall have the right to reject any and all bids received and, further, shall have the right to waive any defect or irregularity in any bid received. The CITY shall not award a contract except to the low responsive bidder.

3. The STATE shall reimburse the CITY for all reasonable design and construction engineering costs and administration costs, as well as the actual construction cost of the wastewater and water supply extensions and improvements incurred by the CITY.

4. It is understood and agreed that the CITY or their consulting engineers will inspect the work during construction for the purpose of insuring a uniform standard of construction and to avoid any damage arising from inferior material or workmanship in component parts, and the assure compliance with the approved plans and specifications.

5. Upon the CITY'S acceptance of the completed work each month, the CITY shall furnish to the STATE a statement of all current costs of said project. Upon approval by the STATE of the aforesaid statement of costs submitted by the CITY, the STATE shall reimburse the CITY each month for that portion of the improvement constructed, less any previous reimbursements. The STATE'S total cost shall not exceed actual construction and related costs for the work or \$2,400,000 with a breakdown as follows:

Watermain extension	\$ 860,000
Sanitary sewer extension	960,000
Sewer Separation	300,000
Design and Construction Engineering (10%)	186,000
Administration (2.5%)	46,000
Contingency	<u>48,000</u>
	\$2,400,000

6. The contract amounts for the work described in paragraphs 1, 3, 4, and 5 herein may be revised only under the following conditions:

- a. The CITY advises the STATE, in writing, of the revised cost of the work and the reasons necessitating such changes, and
- b. The STATE agrees, in writing, to such additional cost by authorizing the CITY to issue a change order to the contractor.
- c. If the change is necessitated as a result of an emergency, immediately endangering life or property, and prior authorization by the STATE for such change will jeopardize life or property, the CITY may proceed with the work without prior STATE authorization, but shall advise the STATE of the additional cost and receive authorization as soon as possible.
- d. The STATE'S reimbursement to the CITY for the cost of the additional authorized work will be made upon the STATE'S receipt of an itemized accounting of the cost together with appropriate supporting data. The STATE will also reimburse the CITY for associated engineering fees providing the change was not initiated due to an error or omission in the original contract documents.

7. The parties acknowledge that the provisions hereof pertain only to defraying the cost of the design and construction of the utility extensions and improvements and are not in lieu of, or in mitigation of any fees, rates or charges pertaining to any future system improvement and services under any ordinances, regulations, or regulatory agency rule changes.

8. The CITY shall bill the STATE, for water service and wastewater treatment, in the same fashion it bills other like customers for all water received and waste water discharged by the STATE hereunder for the preceding billing period. In consideration for the state's funding of the sewer and water extensions and improvements, the city will waive any costs or fees associated with the connection, by the state, to the city's sanitary sewer and water extensions. The CITY reserves the right to amend the user rate schedule from time to time. Payments shall be made in full by the STATE within thirty (30) days after receipt of the billing unless the STATE disputes the billing within said time period. Such disputes will be settled in accordance with the existing applicable rules as set forth in Chapter 50 of the CITY ordinance.

9. The quality of water delivered by the CITY to the Correctional Facility hereunder shall meet the provisions of the State of Michigan "Safe Drinking Water Act" set forth in 1976 PA 399; MCL 325.1001 et seq; MSA 14.427(1) et seq.

This agreement is signed by the Director of Purchasing, Department of Management and Budget, State of Michigan, and Mayor of the City of Manistee, pursuant to State Administrative Board approval on Sept 4, 1990

Witnessed by:

CITY OF MANISTEE

Michael J. Spence
Michelle Richi

John Z. DellaPia MAYOR

Witnessed by:

STATE OF MICHIGAN

Robert T. McLeod
John Abraham

Sam H. Smith
By:
Its: Director, Purchasing Division